

EXHIBIT 14.1

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE WESTERN DISTRICT OF TEXAS
3 SAN ANTONIO DIVISION

3 SECURITIES AND EXCHANGE) CONFIDENTIAL
4 COMMISSION,)
5 Plaintiff,)
6 -against-) Civil Action No.:
7 ROBERT J. MUELLER, DEEPROOT) 5:21-cv-785-XR
8 FUNDS LLC (a/k/a dprt Funds,)
9 LLC), AND POLICY SERVICES INC.,)
10 Defendants,)
11 -and-)
12 DEEPROOT TECH LLC, DEEPROOT)
13 PINBALL LLC, DEEPROOT STUDIOS LLC,)
14 DEEPROOT SPORTS & ENTERTAINMENT)
15 LLC, AND DEEPROOT RE 12621)
16 SILICON DR LLC, AND ROBERT J.)
17 MUELLER, JEFFREY L. MUELLER, AND)
18 BELINDA G. BREEN, AS CO-TRUSTEES)
19 OF THE MB HALE OHANA REVOCABLE TRUST,))
20 Relief Defendants.)
21 _____)

17 ORAL AND VIDEOTAPED DEPOSITION OF ROBERT MUELLER, produced
18 as a witness at the instance of the Plaintiff and duly
19 sworn, was taken in the above styled and numbered cause on
20 Thursday, March 9, 2023, from 9:36 a.m. to 7:35 p.m.,
21 before Janalyn Elkins, CSR, in and for the State of Texas,
22 reported by computerized stenotype machine, at the offices
23 of Davis Santos, PC, 719 Flores Street, San Antonio,
24 Texas, pursuant to the Federal Rules of Civil Procedure
25 and any provisions stated on the record herein.

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10:39:27 1 hand to be able to answer these questions at the time I
10:39:29 2 signed and we provided it.

10:39:31 3 Q. If you could -- I'm going to refer to you to
10:39:35 4 page 5 of the Document 28. It's actually the Question
10:39:48 5 No. 5 and then the response. It's page 5 on the page
10:39:53 6 number on the bottom. I apologize.

10:39:58 7 A. Did you want me to review it or?

10:40:08 8 Q. Oh, so I was going to ask you -- so if you see
10:40:10 9 at the bottom of the response to Interrogatory No. 5,
10:40:14 10 you say, (Reading:) In addition, Defendant further
10:40:16 11 responds the following individuals have draft, revise,
10:40:21 12 edit and/or provide revisions that were incorporated in
10:40:24 13 the PPM and 575 Funds.

10:40:26 14 Do you see that?

10:40:27 15 A. I do see that.

10:40:28 16 Q. Okay. And there's a list of names there; is
10:40:29 17 that right?

10:40:29 18 A. Yes.

10:40:30 19 Q. Okay. And then one of the names at the bottom
10:40:32 20 is a gentleman by the name of Gerald Wik at Centri
10:40:38 21 Business Consulting.

10:40:38 22 Do you see that?

10:40:39 23 A. I see that.

10:40:40 24 Q. Okay. And you retained Mr. Wik in connection
10:40:43 25 with an S-1 that you were planing to file for something

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10:40:47 1 called The Queue Fund; is that right?

10:40:48 2 A. There were several -- if I recollect, there
10:40:51 3 were several goals for that representation for hiring
10:40:55 4 them as professionals for financial documents.

10:40:58 5 Q. But it was in -- but one of those roles at
10:41:01 6 least was in connection with an S-1 that you were
10:41:04 7 considering filing for something called The Queue Fund;
10:41:08 8 is that correct?

10:41:08 9 A. Yes, to the best of my recollection.

10:41:10 10 Q. Okay. And was Mr. Wik, as your understanding,
10:41:14 11 retained in any way in connection with the 575 Fund LLC
10:41:19 12 or dGRD Fund LLC?

10:41:21 13 MR. HULINGS: So objection; vague as to
10:41:23 14 "connection."

10:41:24 15 THE WITNESS: I don't recollect
10:41:26 16 specifically if -- I don't recollect if there was an
10:41:29 17 engagement letter specifically or what the engagement
10:41:32 18 letter said.

10:41:33 19 Q. (BY MR. NASSE) Is your recollection -- do you
10:41:35 20 have any recollection of Mr. Wik providing edits or
10:41:38 21 comments on either the 575 Fund PPM or the dGRD Fund PPM?

10:41:46 22 A. Yes.

10:41:51 23 Q. And when was that? Do you have a specific
10:41:54 24 recollection?

10:41:55 25 A. Well, we started with those documents --

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11:09:20 1 Q. (BY MR. NASSE) You can flip to the next page
11:09:26 2 on the organizational chart 2019. So it's page Bates
11:09:37 3 numbered 1299. Similar question, so in 2019 Policy
11:09:44 4 Services, Inc. was the only entity that held title or
11:09:47 5 ownership of life policies; is that right?

11:09:51 6 MR. HULINGS: Objection; vague.

11:09:53 7 THE WITNESS: To the best of my
11:09:55 8 recollection.

11:09:56 9 Q. (BY MR. NASSE) That's correct?

11:09:58 10 A. Yes.

11:09:58 11 Q. Okay. None of the other entities --

11:10:05 12 A. And I will caveat that as you've defined life
11:10:09 13 policies in your previous question.

11:10:11 14 Q. Okay. Tab 65. We'll go ahead and mark as
11:10:38 15 Exhibit 30 -- you can keep that with you, but we're
11:10:40 16 going to bring in another exhibit. So we'll mark this
11:10:42 17 as Exhibit 31.

11:10:44 18 (Exhibit 31 was marked.)

11:11:13 19 Q. (BY MR. NASSE) What I'm marking as Exhibit 65
11:11:16 20 [sic], there's a cover letter, but on the second page is
11:11:18 21 a declaration from Robert Mueller dated 14th of
11:11:24 22 October 2021. I can refer you to -- it's the second
11:11:38 23 page ending in Bates No. 16 and the following page
11:11:42 24 ending in Bates No. 17.

11:11:59 25 A. I'm sorry. Where would you like me to go?

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12:27:40 1 Q. (BY MR. NASSE) Did you ever tell Mr. Concilla
12:27:43 2 that you were taking loans from any of the funds?

12:27:49 3 MR. HULINGS: Objection. Okay. So the --
12:27:56 4 is that question limited to pre-2019?

12:28:01 5 MR. NASSE: Sure. Yes.

12:28:03 6 MR. HULINGS: All right. You can answer as
12:28:07 7 long as it's before January 1, 2019.

12:28:11 8 THE WITNESS: We had very frank and robust
12:28:13 9 discussions about almost everything we did with Dennis
12:28:17 10 and Andy. They had an insight into almost everything
12:28:20 11 that we did. I don't know what you mean by loans. We
12:28:24 12 talk about payments here. But yes, they knew that was
12:28:27 13 happening and it just confirmed it that I refreshed his
12:28:31 14 memory about it here.

12:28:33 15 Q. (BY MR. NASSE) That you understood that
12:28:34 16 payments were happening indirectly?

12:28:37 17 Okay. Do you have any specific
12:28:39 18 recollection of discussing taking out loans from any of
12:28:42 19 the deeproot businesses?

12:28:44 20 MR. HULINGS: Objection; vague and loans --
12:28:48 21 vague as to loans from the deeproot businesses.

12:28:52 22 MR. NASSE: Well, I'm happy to clarify.

12:28:54 23 MR. HULINGS: Yeah. Just clean the
12:28:55 24 question up a little bit, yeah.

12:28:57 25 Q. (BY MR. NASSE) Do you have any specific

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12:28:58 1 recollection of any discussions with anyone from Carlile
12:29:02 2 Patchen regarding you receiving or taking loans from any
12:29:08 3 entity owned or controlled by Policy Services, Inc.?

12:29:15 4 MR. HULINGS: Provided that the answer is
12:29:17 5 prior to 2019, you can answer.

12:29:19 6 THE WITNESS: Again, we talked about almost
12:29:22 7 everything. I don't remember of the specific word loans
12:29:25 8 or payments or compensation was used at the time. Here
12:29:30 9 it says "payments." Probably used different terms in
12:29:34 10 different conversations. But they understood that Russ
12:29:38 11 and I received, however you want to call it, from the
12:29:44 12 fund for our services. That's where he mentions, I
12:29:48 13 believe, here fund management, fees for fund management
12:29:53 14 as an executive.

12:29:54 15 Q. (BY MR. NASSE) My -- so sitting here today,
12:29:57 16 you have no specific recollection of discussing taking
12:30:00 17 loans from Policy Services, Inc. or any of the
12:30:03 18 subsidiaries or affiliates?

12:30:05 19 MR. HULINGS: Objection; vague as to
12:30:06 20 "loans."

12:30:07 21 THE WITNESS: Like I said, I'm sure we did.
12:30:09 22 I don't recall specifically because we had very robust
12:30:13 23 discussions verbal and written about a lot of things.
12:30:16 24 And here we had already been with them for some time and
12:30:22 25 been through several funds that we had set up. We were

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12:30:24 1 in the process of -- in this August here as we just
12:30:28 2 talked about earlier, process of getting the dGRD term
12:30:32 3 sheet into a compliant -- securities compliant fund.

12:30:36 4 So, yeah, it wouldn't surprise me at all if
12:30:40 5 discussions around, you want the term loans or loans or
12:30:44 6 anything else came up during those periods.

12:30:47 7 Q. (BY MR. NASSE) Yeah. And again, I mean, I
12:30:48 8 think you answered my -- I didn't ask you whether it
12:30:50 9 would surprise you. I asked if there's any specific
12:30:53 10 recollection of any discussion regarding loans previous
12:30:55 11 to 2015 for Policy Services or any of its affiliated
12:30:59 12 businesses?

12:30:59 13 MR. HULINGS: I believe it's been asked and
12:31:01 14 answered multiple times now.

12:31:05 15 THE WITNESS: I don't recall specifically.
12:31:08 16 But I recall that we had conversations where that
12:31:11 17 conversation could have come up as I've already
12:31:13 18 answered.

12:31:13 19 Q. (BY MR. NASSE) Okay. And did you recall
12:31:16 20 Carlile Patchen providing you any advice in terms of if
12:31:19 21 you were going to take loans, what would be required in
12:31:21 22 terms of disclosure or documentation?

12:31:23 23 MR. HULINGS: Objection; vague and
12:31:26 24 compound.

12:31:27 25 But you can answer provided that it's prior

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01:55:29 1 MR. HULINGS: Several times and you've
01:55:30 2 gotten an answer several times.

01:55:32 3 THE WITNESS: Without going back through
01:55:34 4 emails, notes, tracked versions of this and stuff like
01:55:41 5 that, which I would need to do to recollect better on
01:55:44 6 this.

01:55:49 7 Q. (BY MR. NASSE) That you don't -- what's -- you
01:55:52 8 didn't finish the question -- the answer.

01:55:54 9 A. Yeah, I would need to go back through those
01:55:57 10 documents.

01:55:57 11 Q. So if we look at the next -- it's page ending
01:56:04 12 in Bates No. 4507, you see at the top of the page it
01:56:14 13 talks about a capital acquisition in DP, which I guess
01:56:21 14 is deeproot Pinball, would consist of the purchase of DP
01:56:24 15 class B shares that the company will hold as further
01:56:26 16 outlined below.

01:56:30 17 Do you see that?

01:56:30 18 A. Yes.

01:56:30 19 Q. Did deeproot 575 LLC ever hold class B
01:56:36 20 membership shares in deeproot Pinball?

01:56:38 21 MR. HULINGS: Objection; it calls for a
01:56:40 22 legal conclusion. It's also vague as to "hold."

01:56:43 23 You can answer.

01:56:44 24 MR. NASSE: I'm using it as the term "hold"
01:56:47 25 is used in the document.

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01:56:48 1 MR. HULINGS: You can still answer. Same
01:56:50 2 objection.
01:56:51 3 THE WITNESS: This regards privileged
01:56:53 4 information outside the scope. Can we confer?
01:56:56 5 MR. HULINGS: Okay. Just a second. We can
01:56:59 6 go off the record.
01:57:01 7 VIDEOGRAPHER: We're off the record at
01:57:03 8 1:57 p.m.
01:57:05 9 (Discussion off the record.)
01:59:27 10 VIDEOGRAPHER: We are back on the record at
01:59:34 11 1:59 p.m.
01:59:37 12 MR. NASSE: Question's still pending.
01:59:39 13 MR. HULINGS: Can you repeat the question
01:59:40 14 or read it off?
01:59:57 15 (Requested question was read.)
01:59:58 16 THE WITNESS: I do not recall.
02:00:00 17 Q. (BY MR. NASSE) So as the manager of the fund,
02:00:06 18 you have no recollection as to whether deeproot 575 ever
02:00:12 19 held deeproot -- shares in deeproot Pinball?
02:00:16 20 MR. HULINGS: So it asks for -- calls for a
02:00:19 21 legal conclusion, it's vague, and asked and answered.
02:00:22 22 THE WITNESS: I don't recall. I know we
02:00:26 23 documented it, paper and -- and through our portal. I
02:00:34 24 don't recall specific advice that Dennis and Andy
02:00:39 25 recommended for this. But I just don't recall.

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02:00:42 1 Q. (BY MR. NASSE) Did you discuss with Carlile
02:00:46 2 Patchen whether if you -- 575 Fund did not buy any
02:00:52 3 class B shares whether that would have to be disclosed?

02:00:55 4 MR. HULINGS: You can answer that.

02:00:59 5 THE WITNESS: I don't recall that specific
02:01:01 6 conversation.

02:01:03 7 Q. (BY MR. NASSE) If we were to look for where we
02:01:09 8 could find out if deeproot 575 Fund ever purchased
02:01:12 9 class B shares in deeproot Pinball, where would we look,
02:01:16 10 where should we look?

02:01:17 11 A. It would be in the client files, paper client
02:01:21 12 files or notes and documents that I had would be in our
02:01:27 13 online system. And it would also be in the records that
02:01:34 14 we worked with Jerry Wik with Centri and Phil Forret, or
02:01:41 15 Forret, with Medio. Because when they came in to do the
02:01:45 16 S-1, we reviewed these, again, and picked them apart as
02:01:50 17 we were creating the DRS itself, the language for the
02:01:55 18 DRS.

02:01:56 19 Q. Do you recall whether deeproot Pinball ever
02:02:00 20 issued share certificates in connection with this
02:02:04 21 offering?

02:02:05 22 MR. HULINGS: Objection; legal -- calls for
02:02:07 23 a legal conclusion, also vague.

02:02:10 24 THE WITNESS: We didn't actually ever issue
02:02:13 25 actual certificates. I believe there was a certificate

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02:02:16 1 of some sort that was provided to -- of the subscription
02:02:19 2 that was provided digitally and paper to investors for
02:02:24 3 investor positions.

02:02:26 4 Q. (BY MR. NASSE) Yeah. I'm referring
02:02:27 5 specifically to this provision here in terms of 575's
02:02:32 6 capital acquisition as it's termed here of class B
02:02:36 7 membership shares in deeproot Pinball.

02:02:39 8 A. I haven't looked at the deeproot Tech or
02:02:42 9 deeproot Pinball corporate book in a long time, so I
02:02:46 10 can't remember and I don't know what's in there.

02:02:49 11 Q. If the -- if those records are not in the -- in
02:02:50 12 the corporate records, it's fair to say there were none?

02:02:53 13 A. No, that would be very false.

02:02:56 14 MR. HULINGS: Okay. Hold on. You've
02:02:58 15 already answered the question. Remind you to give me a
02:03:02 16 second to make objections.

02:03:05 17 Q. (BY MR. NASSE) Where else would those
02:03:08 18 documents be?

02:03:10 19 MR. HULINGS: Objection; vague as to "those
02:03:12 20 documents."

02:03:12 21 Q. (BY MR. NASSE) Documents that would document
02:03:14 22 any purchase of class B membership shares by 575 Fund,
02:03:20 23 so where would those documents be?

02:03:22 24 MR. HULINGS: Objection; vague and calls
02:03:24 25 for legal conclusion.

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02:03:25 1 MR. NASSE: Where the documents would be?

02:03:26 2 MR. HULINGS: Description of the kind of
02:03:28 3 documents. Does this document fit this legal
02:03:31 4 description you've outlined is a legal conclusion.

02:03:34 5 Q. (BY MR. NASSE) Any document that somehow
02:03:36 6 memorizes the capital acquisition of class B membership
02:03:41 7 shares.

02:03:42 8 A. As I said before, they would have been in our
02:03:44 9 online system, digital form, digitally issued that way.
02:03:48 10 They would have been in paper form. All the documents
02:03:52 11 and papers were left by instruction of counsel at the --

02:03:55 12 MR. HULINGS: Don't -- don't -- don't
02:03:56 13 reveal any instruction of counsel as to maintaining
02:03:59 14 those records.

02:04:00 15 THE WITNESS: They were left at the
02:04:02 16 San Antonio facility when we were told -- well, they
02:04:06 17 were left at the San Antonio facility.

02:04:08 18 Q. (BY MR. NASSE) And when you refer to the
02:04:09 19 online platform, you're referring to, like, what's
02:04:12 20 sometimes referred to as the deeproot portal operated by
02:04:16 21 or maintained by Turner Logic?

02:04:20 22 A. We had several kind of online systems that
02:04:23 23 Turner Logic designed and executed for us. And it would
02:04:29 24 be, yeah, in those or through reports that we could
02:04:35 25 query that data with.

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02:11:20 1 all our accounting with -- in a QuickBooks and had
02:11:25 2 professionals to help us with that.

02:11:27 3 Q. (BY MR. NASSE) So let's go through that.

02:11:29 4 Was there a written policy regarding how to
02:11:33 5 ensure you didn't exceed the 20 percent of the company
02:11:36 6 advance provision?

02:11:39 7 MR. HULINGS: Vague as to "written policy."

02:11:42 8 THE WITNESS: I don't believe that any of
02:11:44 9 our advisors and many that they are ever -- ever
02:11:49 10 specifically advised on that specific topic.

02:11:52 11 Q. (BY MR. NASSE) Yeah. And maybe I didn't ask
02:11:53 12 you whether you had any advice. I'm asking you, was
02:11:58 13 there a written policy governing the company advance
02:12:02 14 provision to ensure you didn't -- the Policy Services or
02:12:06 15 any of its affiliates didn't use over 20 percent?

02:12:08 16 MR. HULINGS: Same objection.

02:12:10 17 THE WITNESS: I don't recall specifically
02:12:11 18 and it was because we were never advised to do so by
02:12:14 19 financial advisors, by accountants, by attorneys, by
02:12:18 20 auditing anyone or even the SEC.

02:12:22 21 Q. (BY MR. NASSE) Yeah. I don't recall -- strike
02:12:23 22 the SEC.

02:12:25 23 A. It's a truthful answer --

02:12:26 24 MR. HULINGS: Hold on. Wait for a question
02:12:29 25 to be posed before you answer.

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02:24:00 1 Q. You said this discussion is in an email?

02:24:02 2 A. It started with an email and the discussion was
02:24:04 3 as we went to the Pinball PPM --

02:24:07 4 Q. Again, and my question is: Is there discussion
02:24:10 5 of nominal administration expenses are used in that term
02:24:12 6 in an email?

02:24:13 7 MR. HULINGS: Asked and answered.

02:24:15 8 THE WITNESS: I can't recall if it's in an
02:24:17 9 email or if it was verbal. But it happened many, many
02:24:23 10 times so I'm sure there's likely an email out there, I
02:24:25 11 just -- I don't know without going back and looking.

02:24:28 12 Q. (BY MR. NASSE) And in those discussions did
02:24:31 13 you ask Carlile Patchen whether the term "nominal
02:24:35 14 administration expenses" could cover priority return
02:24:39 15 payments to investors?

02:24:42 16 A. My understanding in the advice I received is
02:24:48 17 that 575 payment -- 575 P payments due investors are
02:24:52 18 expenses of the fund and they would be included.

02:24:55 19 Q. Okay. So there -- so Carlile Patchen told you
02:24:59 20 that nominal administration expenses, that provision
02:25:02 21 could be used to pay prior to return payments to 575
02:25:07 22 Fund investors?

02:25:09 23 A. Over the multiple times we did it in one form
02:25:12 24 or another, yes.

02:25:13 25 Q. What do you mean by "one form or another"?

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02:28:50 1 that was attached to an email. I just can't recall
02:28:54 2 without looking back.

02:28:55 3 Q. Okay. Did -- regardless of -- not even in the
02:29:27 4 context of nominal administrative expenses, did Carlile
02:29:31 5 Patchen ever advise you that it was permissible to pay
02:29:34 6 existing investors with new investor investments?

02:29:41 7 A. Yes.

02:29:42 8 Q. When did that occur?

02:29:44 9 A. It occurred continuously throughout the
02:29:48 10 representation, including after the privilege waiver
02:29:51 11 date.

02:29:52 12 MR. HULINGS: Let's not discuss anything
02:29:53 13 after the privilege waiver date. You're instructed not
02:29:58 14 to answer anything about after the privilege waiver
02:30:01 15 date.

02:30:01 16 Q. (BY MR. NASSE) Not asking you anything about
02:30:03 17 after December 2019, when did you have conversation
02:30:08 18 where Carlile Patchen advised you that it was
02:30:10 19 permissible to pay existing investor with new investor
02:30:16 20 investments?

02:30:17 21 A. We had many conversations about the reality of
02:30:20 22 being an issuer and complying with securities laws. And
02:30:28 23 Dennis was very adamant during a lot of these
02:30:30 24 conversations including about this provision that money
02:30:32 25 was fungible, it's common sense as well.

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02:30:36 1 And a lot of our discussions, when it came
02:30:38 2 into, like, disclosure of this, what the process would
02:30:41 3 be, what the internal controls would be, were around
02:30:44 4 that concept that Dennis kept coming back to as one of
02:30:48 5 his -- his major themes.

02:30:50 6 Q. And it was permissible?

02:30:51 7 A. It's an expense of the fund.

02:30:54 8 Q. Did you -- did you ever ask Mr. Concilla or
02:30:59 9 anyone at Carlile Patchen whether doing so would be
02:31:02 10 Ponzi scheme?

02:31:03 11 MR. HULINGS: Objection; vague, and legal
02:31:05 12 conclusion as to "Ponzi scheme."

02:31:08 13 But you can answer.

02:31:09 14 THE WITNESS: I believe there's an email.
02:31:10 15 We might have even reviewed -- that was disclosed, we
02:31:14 16 might have even reviewed it already where Dennis gave a
02:31:18 17 brief example of a Ponzi scheme. So no, he did not
02:31:21 18 consider what we were doing or any of the disclosures or
02:31:27 19 our internal processes or controls a Ponzi scheme.

02:31:31 20 Q. (BY MR. NASSE) Okay. We can go back. I
02:31:32 21 believe he says -- he discusses what are the hallmarks
02:31:35 22 of a Ponzi scheme. Does that sound right?

02:31:38 23 A. I believe he discusses in context to that email
02:31:42 24 a -- one of the elements of a Ponzi scheme as I
02:31:47 25 understand it and as it related to that specific

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02:38:09 1 MR. HULINGS: So objection, misstating
02:38:12 2 prior testimony, and that is vague and ambiguous.

02:38:15 3 But go ahead.

02:38:16 4 THE WITNESS: Again, we did not hide
02:38:19 5 anything from Andy or Dennis. We -- you can smile
02:38:25 6 and be very disrespectful --

02:38:26 7 MR. HULINGS: Hey, hey, hey, hey.

02:38:28 8 Q. (BY MR. NASSE) You're not answering my
02:38:30 9 question, sir.

02:38:30 10 A. I am answering --

02:38:30 11 Q. I asked you a simple question.

02:38:31 12 A. I am answering and I came here today to tell
02:38:34 13 the truth.

02:38:34 14 MR. HULINGS: Stop, stop, stop, stop.

02:38:36 15 Q. (BY MR. NASSE) We can -- I asked a simple
02:38:38 16 question. I'm happy to rephrase it.

02:38:40 17 The question was: So you said you followed
02:38:42 18 their advice. Is that a correct statement? Did you
02:38:44 19 testify to that?

02:38:44 20 A. If they advised something, we followed it.

02:38:47 21 Q. And my question was: That included following
02:38:49 22 their advice that it was -- that you -- in following
02:38:53 23 that advice you paid existing investors with new
02:38:56 24 investor funds?

02:38:57 25 MR. HULINGS: So that is asked and

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02:38:59 1 answered. It's vague and ambiguous. It's
02:39:02 2 argumentative.

02:39:02 3 And to the -- again, the privilege waiver
02:39:05 4 does not exceed January 1, 2019, so to the extent the
02:39:10 5 answer involves communications after that, you are
02:39:12 6 instructed not to answer. But you can answer as to the
02:39:19 7 question relating to prior to 2019.

02:39:22 8 THE WITNESS: As I said before, Dennis --
02:39:24 9 one of Dennis's major things was money was fungible.
02:39:28 10 Payments to investors are expenses of the funds. That
02:39:32 11 is why they chose the language and proper disclosure
02:39:35 12 they did and we followed their advice.

02:39:38 13 Q. (BY MR. NASSE) And in following their
02:39:40 14 advice -- I mean, it's -- I mean, it's a nonresponsive
02:39:44 15 answer. My question was very simple. I understand what
02:39:47 16 you're saying their advice was. You're saying you
02:39:49 17 followed their advice. I'm asking: Did that include
02:39:53 18 paying -- and I'll be more specific -- paying priority
02:39:57 19 return payments to existing 575 investors with
02:40:04 20 investments from new 575 investors?

02:40:06 21 MR. HULINGS: So that's -- that is vague
02:40:09 22 and ambiguous, that is argumentative, and it has been
02:40:13 23 asked and answered.

02:40:17 24 You can answer again if you can follow the
02:40:22 25 question.

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02:40:22 1 THE WITNESS: One of Dennis's major themes
02:40:26 2 was the fungibility of money. It's also common sense,
02:40:29 3 which I don't know why you can't get yourself. Because
02:40:33 4 it was expenses, because we were -- it's disclosed
02:40:38 5 according to them, proper disclosure, and our processes
02:40:43 6 controls that Andy and Dennis helped form and knew well
02:40:46 7 of, we acted upon their advice.

02:40:51 8 Q. (BY MR. NASSE) And when you say -- you said
02:40:52 9 because it is -- it was expenses, what is the "it"
02:40:55 10 you're referring to?

02:40:57 11 A. You were asking about the 575 P payments as an
02:41:02 12 expense of the fund according to Dennis and Andy as
02:41:06 13 disclosed that they felt was good disclosure, those
02:41:10 14 expenses of the funds can be paid fungible money in the
02:41:14 15 fund, one dollar in is -- could be interchanged with a
02:41:17 16 dollar out, and that was proper according to their
02:41:20 17 advice and we took their advice.

02:41:23 18 Q. Did you ever ask Carlile Patchen whether you
02:41:27 19 could disclose -- you should disclose in the PPM that
02:41:30 20 you were paying existing investors with new investor
02:41:34 21 funds?

02:41:34 22 MR. HULINGS: So --

02:41:36 23 MR. NASSE: I'm talking about in the
02:41:38 24 context before 2019.

02:41:40 25 MR. HULINGS: Okay. I'm going to object to

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07:05:38 1 investors in the asset portfolio?

07:05:40 2 MR. HULINGS: So I'm going to object to
07:05:43 3 vagueness, "accurately reflect," I think that's hard to
07:05:49 4 follow. So objection; vague, compound.

07:05:52 5 THE WITNESS: I don't know if I'm
07:05:53 6 understanding your question.

07:05:54 7 Q. (BY MR. NASSE) I can rephrase, that's fine.

07:05:59 8 So some of the policies that were held by
07:06:03 9 Policy Services, Inc., you just said there are
07:06:04 10 fractionalized interest from -- you said people from way
07:06:07 11 beginning of the start of Policy Services, Inc. or --

07:06:10 12 A. Yes.

07:06:10 13 Q. Okay. And you said there are interests from
07:06:14 14 earlier funds?

07:06:20 15 A. Yes.

07:06:21 16 Q. Okay. So not the entire face value of the
07:06:28 17 policy would be due to investors in the 575 fund based on
07:06:36 18 those other fractionalized or other interests in those
07:06:39 19 policies?

07:06:40 20 MR. HULINGS: So I'm going to -- I think
07:06:42 21 that calls for a legal conclusion. That's also vague.

07:06:44 22 You can answer it if you can follow it.

07:06:48 23 THE WITNESS: I now understand sort of the
07:06:51 24 direction you're going with this. And I would say -- my
07:06:57 25 answer would be yes and no. But I don't know for sure

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07:06:59 1 because I don't have the underlying calculations that I
07:07:02 2 did to go in there and confirm that.

07:07:06 3 Q. (BY MR. NASSE) Your answer would be yes and
07:07:10 4 no. I understood the rest of it, but I don't know what
07:07:13 5 you mean by that. What do you mean by yes and no?

07:07:15 6 A. I understand your question as in, yes, part of
07:07:17 7 the life policies with interests that have been assigned
07:07:21 8 to the other parties we talked about would be part of
07:07:23 9 the face value. So yes.

07:07:25 10 And no, in that I don't know this specific
07:07:29 11 value here, how I calculated that value, without going
07:07:32 12 back and looking at how I compiled -- if I even have the
07:07:37 13 spreadsheets anymore -- how I compiled these numbers.

07:07:39 14 Q. Did you ever speak with Carlile Patchen in
07:07:42 15 regards to when displaying the asset portfolio values
07:07:48 16 whether you had to account for the fact that there were
07:07:51 17 other fractionalized interests or other interests in the
07:07:56 18 face value of the life policies?

07:07:58 19 A. I disagree with the way you're characterizing
07:08:01 20 it. And I don't recall for certain. I mean, with the
07:08:07 21 hundreds if not thousands of hours that we spent working
07:08:10 22 on these, did it come up? Probably. But I can't recall
07:08:14 23 specific on this specific issue.

07:08:16 24 Q. Okay. Turn back to what's been previously
07:09:00 25 marked as Exhibit 5, which is the 2019 575 fund.

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07:31:54 1 document ending in Bates No. 1080, paragraph 23.

07:32:05 2 A. Sorry. 20 --

07:32:10 3 Q. 23.

07:32:10 4 A. Okay.

07:32:10 5 Q. Do you see the paragraph "Compensation"?

07:32:12 6 A. Yes.

07:32:13 7 Q. Okay. Was your -- you received compensation
07:32:18 8 from Policy Services, Inc.; is that correct?

07:32:20 9 A. I received a salary from Policy Service.

07:32:23 10 Q. Okay. Was your compensation Policy Services,
07:32:26 11 Inc. pursuant to the paragraph 23 of Exhibit 42?

07:32:30 12 MR. HULINGS: Objection; calls for a legal
07:32:37 13 conclusion, vague.

07:32:39 14 THE WITNESS: I don't know how to answer
07:32:55 15 that question, other than I took compensation from -- or
07:33:01 16 salary from Policy Services, I took it from well before
07:33:05 17 the575 occurred. I don't remember ever invoking or
07:33:12 18 using this provision. It doesn't mean that it doesn't
07:33:18 19 apply, but I don't know. I'd have to -- you know, I
07:33:22 20 don't remember specific advice from CPM on this. But I
07:33:27 21 don't see how this applies to anything that I actually
07:33:30 22 did or actually happened.

07:33:31 23 Q. (BY MR. NASSE) Did you -- do you recall ever
07:33:35 24 receiving a written approval of your compensation?

07:33:41 25 MR. HULINGS: Objection; vague as to